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Report Highlights:

*Vissan Co. to build \$39 million food processing factory * Experts say drying Delta won't support future rice

*Vietnam, Cambodia mull rice venture to steady prices

General Information:

Welcome to "News Summary" from Vietnam, an occasional summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Vietnam, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues may be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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Vissan Co. to build \$39 million food processing factory

Vissan Limited Company plans to develop a food processing complex worth US\$39 million in the southern province of Long An. The complex will consist of a slaughterhouse, a food processing system, freezer units, and waste treatment facilities. The complex should be operational in late 2012, and will be Vietnam's biggest food processing complex. The company also recently signed an agreement with the Laotian Mittaphab Agriculture Development to help Laotian companies develop slaughter and meat processing industries.

(Saigon Times Daily Aug 17, 2009)

Experts say drying Delta won't support future rice

Leading agriculturalists have warned that rice growing in the Mekong Delta will need to be reduced, as the region is likely to face a water shortage over the next decade.

Professor Vo Tong Xuan, one of Vietnam's leading agricultural experts, said local rice farmers do not know how to use water economically, and each hectare of farmland now consumes more than 20,000 cubic meters of water. That means the 3.8 million hectares of Mekong Delta rice need more than 76 million cubic meters of water per year, or one sixth of the region's annual intake from the Mekong River, Xuan said. Although rice cultivation requires a large quantity of water, supply has never been a problem in the Mekong region before, thanks to the Mekong river. But experts are now warning that climate change and upstream hydropower projects will siphon off much of the water before it reaches Vietnam's main food-growing region.

The Ministry of Agriculture and Rural Development had already planned to reduce the rice area in the Mekong Delta by 150,000 hectares over the next 20 years, but experts have said that would be difficult to realize. The vice president of Can Tho University said many farmers do not know how to cultivate anything other than rice.

Xuan said the government should start thinking about completely reforming the rice farming sector in the Delta. Concrete plans to switch to other plants needed to be mapped out for rice areas expected to be most affected by climate change, he said.

According to the Vietnam Food Association, the Mekong Delta produces about 60 percent of the national rice crop and accounts for 99 percent of its rice exports. The Delta, which is home to 22 percent of the country's population, also produces 60 percent of the nation's seafood and 80 percent of its fruit crops, a report by the United Nations said.

(Thanh Nien Daily August 16, 2009)

Vietnam, Cambodia mull rice venture to steady prices

An official from the Vietnam Food Association (VFA) said Thursday that the Southern Food Corporation (Vinafood 2) and the Bank for Investment and Development of Vietnam (BIDV) would be the Vietnamese partners, representing a 60 percent stake in the Cambodia-based joint venture.

The first rice venture between the two countries would combine the rice processing experience of the Vietnamese partners with Cambodia's rice production sector, which has been largely untapped for exports, said the official.

Vietnam is the world's second biggest rice exporter, having shipped nearly US\$1.7 billion worth of rice in the first seven months this year.

Cambodian rice yields have been increasing and its government has encouraged businesses to process for export, according to the association.

About 1 million tons of Cambodian rice was ready for export, said the VFA. The competition, as well as a high summer-fall yield in Vietnam, was pushing prices down, according to local officials.

The new venture is expected to help prevent prices from falling, the VFA said. The VFA aims to prevent price drops by asking members to buy 400,000 tons of the grain from farmers in order to increase its rice stockpiles.

(Thanh Nien Daily August 16, 2009) (With additional reporting by Bloomberg)

Post comment: Cambodia's potential for rice production has been illustrated by the continuous production increases in recent years. However, poor post-harvest facilities, including handling and processing, and high transportation costs have rendered the Cambodian rice industry less competitive for exporting. Some of Cambodia's paddy production has historically been sold to neighboring countries such as Thailand and Vietnam. This proposed joint venture should aid the Cambodian rice industry's competitiveness and reduce the illicit cross-border rice flows.